recovery agents engaged by banks. The RBI has advised the banks to ensure verification of antecedents of employees of recovery agencies engaged by them. Police verification has been suggested as one of the pre-employment due diligence measures. RBI has also stipulated that all recovery agents undergo a training-cum-certification programme offered by Indian Institute of Banking and Finance (IIBF).

Complaints received by RBI regarding violation of guidelines and adoption of abusive practices followed by banks' recovery agents would be viewed seriously. RBI may consider imposing a ban on banks from engaging recovery agents in a particular area, either jurisdictional or functional, for a limited period. Similar supervisory action could be attracted when the High Courts or the Supreme Court pass strictures or impose penalties against any bank or its Directors/Officers/agents with regard to policy, practice and procedure related to the recovery process.

Offshore tax havens

3363. SHRI B.K. HARIPRASAD: Will the Minister of FINANCE be pleased to state:

(a) whether the United States (US) is contemplating to enact a legislation that will prevent US firms from using offshore tax havens;

(b) whether the Organization for Economic Co-operation and Development (OECD) is also determined on eliminating fraud and enhancing banking transparency and has initiated similar move across the European Union;

(c) if so, whether India having tax treaties with Mauritius and Bermuda from where much of the FDI inflows originate, is also contemplating any such move; and

(d) whether the European and American initiatives targeting tax havens overseas will have any impact on investment flow to India?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) As per information obtained from the website of the White House. ***www.whitehouse.gov***, the US administration plans to legislate measures to reduce the amount of taxes lost to tax havens;

(b) Organization for Economic Co-operation and Development (OECD), as per the information available in public domain, commends that all countries should permit access to bank information for all tax purposes so that tax authorities can fully discharge their revenue raising responsibilities and engage in effective exchange of information with their treaty partners. OECD, through the Global Forum on Taxation, assesses implementation of its standards of Transparency and Exchange of Information and is currently focusing on strengthening the Global Forum and developing further its toolbox of counter measures against non-cooperative jurisdictions and assessing their effectiveness;

(c) During the financial years 2006-07 to 2008-09, FDI inflow from Mauritius and Bermuda was Rs. 1,241,416 million and Rs. 19,986 million respectively. India has a Double

Taxation Avoidance Convention (DTAC) with Mauritius but not with Bermuda. Amendments to the Indo-Mauritius DTAC to prevent its misuse and enhance exchange of information, including banking information, are being pursued through the Joint Working Group constituted for this purpose.

(d) It is not possible to assess whether European and American initiatives targeting tax havens will have any impact on investment flow to India.

Likely decrease in wages

†3364. SHRI SHIVANAND TIWARI:
SHRI RAVI SHANKAR PRASAD:

Will the Minister of FINANCE be pleased to state:

(a) whether Government has paid attention towards the report of the World Bank wherein it has been said that there is likelihood of decrease in amount earned as wages in developing countries in 2009;

(b) if so, the likelihood of reduction in the said amount on the basis of the report; and

(c) the effect on the amount coming to India as a result of this reduction and the country from where the reduction in amount will be maximum?

THE MINISTER OF STATE IN THE MINISTRY OF (SHRI NAMO NARAIN MEENA): (a) to (e) Report of the World Bank, as referred in the Question, indicating likelihood of decrease in amount earned as wages in developing countries in 2009, could not be identified.

Increase in prices of consumable goods

†3365. SHRI PRABHAT JHA:
SHRI PRAKASH JAVADEKAR:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that despite a fall in inflation, there is a huge increase in prices of daily consumable goods;

(b) if so, the reasons therefor;

(c) the measures/steps taken by Government to curb unprecedented increase in prices of consumer goods, vegetables and fruits; and

(d) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) to (d) The overall monthly average Wholesale Price Index (WPI) based inflation was 4.9 per cent in January 2009. It declined to 1.2 – 1.3 per cent in March – April, 2009 and further to 0.4 per cent (Provisional) in May, 2009. It becomes negative in June, 2009 to (-) 1.4 per cent (Provisional). Despite fall in overall inflation, inflation in some of the food products and items of

†Original notice of the question was received in Hindi.